

LEGISLATIVE RESEARCH COMMISSION

AGING



RECEIVED

MAY 24 1984

INSTITUTE OF GOVERNMENT
UNIVERSITY OF NORTH CAROLINA
LIBRARY

REPORT TO THE 1983 GENERAL ASSEMBLY OF NORTH CAROLINA 1984 SESSION

LEGISLATIVE RESEARCH COMMISSION

AGING



RECEIVED

MAY 24 1984

INSTITUTE OF GOVERNMENT
UNIVERSITY OF NORTH CAROLINA
LIBRARY

REPORT TO THE 1983 GENERAL ASSEMBLY OF NORTH CAROLINA 1984 SESSION

A LIMITED NUMBER OF COPIES OF THIS REPORT IS AVAILABLE
FOR DISTRIBUTION THROUGH THE LEGISLATIVE LIBRARY:

ROOM 2126, 2226
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27611
TELEPHONE: (919) 733-7778

OR

ROOM 500
LEGISLATIVE OFFICE BUILDING
RALEIGH, NORTH CAROLINA 27611
TELEPHONE: (919) 733-9390

STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27611



June 7, 1984

TO THE MEMBERS OF THE 1983 GENERAL ASSEMBLY (1984 SESSION):

This is the Legislative Research Commission's report to the 1983 General Assembly, Second Regular Session 1984, on the matter of the problems of aging. This report, made pursuant to House Bill 1142 (1983 Session Laws, Chapter 905), was prepared by the Legislative Research Commission's Committee on Aging and is transmitted by the Legislative Research Commission for your consideration.

Respectfully submitted,

A handwritten signature in cursive script, reading "Liston B. Ramsey", written over a horizontal line.

Liston B. Ramsey
Speaker of the House

A handwritten signature in cursive script, reading "W. Craig Lawing", written over a horizontal line.

W. Craig Lawing
Senate President Pro Tempore

Cochairmen

Legislative Research Commission

TABLE OF CONTENTS

	<u>Page</u>
I. LETTER OF TRANSMITTAL	i
II. INTRODUCTION	1
III. BACKGROUND	2
IV. COMMITTEE PROCEEDINGS	4
V. FINDINGS AND RECOMMENDATIONS	5
VI. APPENDICES	
A. LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP LIST	A-1
B. AN ACT TO PROVIDE FUNDS FOR SENIOR CITIZENS' CENTERS	B-1
C. AN ACT TO CLARIFY THE CONFIDENTIALITY REQUIREMENTS IN THE DECLARATION OF DOMICILIARY HOME RESIDENTS' RIGHTS	C-1
D. AN ACT TO PROVIDE FUNDS FOR THE STATE ADULT DAY CARE PROGRAM	D-1
E. HISTORY OF PROPERTY TAX HOMESTEAD EXEMPTION IN NORTH CAROLINA	E-1
F. AN ACT TO INCREASE THE INCOME AND PROPERTY LIMITS FOR THE HOMESTEAD EXEMPTION AND TO OFFSET THE RESULTING REVENUE LOSS BY INCREASING THE PERCENTAGE OF THE HOMESTEAD EXEMPTION FOR WHICH COUNTIES AND CITIES ARE REIMBURSED	F-1

INTRODUCTION

The Legislative Research Commission, created by Article 6B of General Statutes Chapter 120, is authorized pursuant to the direction of the General Assembly "to make or cause to be made such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" and "to report to the General Assembly the results of the studies made," which reports "may be accompanied by the recommendations of the Commission and bills suggested to effectuate the recommendations.", G.S. 120-30.17. The Commission is chaired by the Speaker of the House and the President Pro Tempore of the Senate, and consists of five representatives and five senators, who are appointed respectively by the Cochairmen, G.S. 120-30.10(a). (See Appendix A for a list of the Commission members.)

Pursuant to G.S. 120-30.10(b) and (c), the Commission Cochairmen appointed study committees consisting of legislators and public members to conduct the studies. Each member of the Legislative Research Commission was delegated the responsibility of overseeing one group of studies and causing the findings and recommendations of the various committees to be reported to the Commission. In addition, one senator and one representative from each study committee were designated Cochairmen.

By House Bill 1142 (1983 Session Laws, Chapter 905), the Legislative Research Commission was authorized to continue its study of the problems of aging. In order to accomplish these tasks, Senator Russell G. Walker as a member of the Legislative Research Commission was appointed to coordinate and oversee the Study on the Problems of Aging. Senator Rachel G. Gray and Representative Gus N. Economos were appointed to cochair the Committee. The other members appointed were Senators Ollie Harris, Marvin Ward, Russell Walker; Representatives Barney Paul Woodard, D. R. Mauney, Jr., Henry M. Tyson, Sidney A. Locks; and public member Dr. Monroe Gilmour. The Legislative Services Office provided staff assistance to the Committee for this study.

The minutes of the Committee meetings reflect the statements and discussions of each meeting. All of this information is included in the Committee files.

BACKGROUND

Advancements in gerontological knowledge and an increase in the population 60 years and older have necessitated a review of services to the elderly. Over the last few years problems of our growing older population have become a major societal concern. By the end of the century people under 65 years will have increased by 17 percent while those 65 to 75 will increase by 14 percent. But the greatest increase will occur among those 75 and older which has important implications

since this group is most vulnerable to physical, mental, and financial crises requiring the care of their family and society.

Many persons have begun to consider the Legislative Research Commission's Committee on the Problems of Aging as a major forum for those concerned with aging in North Carolina. This Committee has been devoted entirely to aging, its problems, goals and aspirations. This process began in 1977 with the establishment of a House Committee on Aging. Out of this came the Legislative Research Commission's Committee on the Problems of Aging which began to meet between the two sessions of the 1977 General Assembly.

Therefore, much initial work and background has already been reported. For those interested, this information can be found in The Legislative Research Commission Report to the 1977 General Assembly, Second Session 1978 on Aging; The Legislative Research Commission Report to the 1979 General Assembly on Aging; The Legislative Research Commission Report to the 1979 General Assembly, Second Session 1980 on Aging; The Legislative Research Commission Report to the 1981 General Assembly on Aging; The Legislative Research Commission Report to the 1981 General Assembly, 1982 Session on Aging; and The Legislative Research Commission Report to the 1983 General Assembly on Aging. This report will detail only the information gathered by the Committee since the 1983 report.

COMMITTEE PROCEEDINGS

The Legislative Research Commission's Committee on the Problems of Aging held three meetings during the course of its deliberations. The meetings were held on February 2, March 29, and April 24, 1984. Again many groups and persons were heard and many issues were brought to the attention of the Committee. The following section is a compilation of those problems which need immediate attention by the 1983 General Assembly of North Carolina, Second Session 1984.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION 1. AMEND STATE LAW TO ELIMINATE MANDATORY RETIREMENT AT AGE 70 FOR PERSONS COVERED UNDER THE STATE EMPLOYEES RETIREMENT SYSTEM.

At the recommendation of this Committee the 1979 General Assembly enacted legislation that raised the retirement age from 65 to 70 for persons covered under the State employees or local government employees retirement system. Under present State statute G.S. 128-27(a)(2) and G.S. 135-5(a)(2), a member in service who attains age 70 shall make application for retirement to be effective no later than the first of July coincidence with or next following the 70th birthday. After age 70 it is discretionary with the employer whether to allow the employee to remain on the job.

Senate Bill 14 was introduced during the 1983 Session of the North Carolina General Assembly to remove the current requirement that State employees must retire at age 70, subject to a year-by-year individual extension. The bill would eliminate immediately all compulsory retirement for State employees, except that the House Committee on Aging adopted an amendment (Amendment No. 1) that would give the University System a 15-year extension to enable orderly adjustments to be made in the present tenure system (bills introduced in Congress to repeal all compulsory retirement also contain the provision for universities). The House,

however, added an amendment (Amendment No. 2) which excludes from the provisions of the bill all public school administrative, certificated, and clerical personnel and grants a similar exclusion of community college personnel until July 1, 1998. These two amendments would remove 56 percent of all state employees from the bill.

The bill, when sent back to the Senate for concurrence in the House amendments, was referred to the Senate Committee on Senior Citizens Affairs. It will be eligible for further consideration and action by the June 1984 Session of the General Assembly.

The Committee recommends that the House amendments be removed and that the bill be enacted in the form originally approved by the House Committee.

Today, people are living longer. In 1935 when Social Security was enacted and the retirement age was set at 65, the life expectancy at birth was 61 years. Now, 1984, it is 74.5 years. A person who reaches age 65 has at that time, on the average, an additional life expectancy of 18 years. Numerous examples can be cited for persons who have passed the age 70 mark and are still making important economic and social contributions to our society. We are encouraging senior citizens to work and earn money to supplement their income to the extent that they can live without welfare from the government.

We do not believe it is the desire of state government to discriminate against senior citizens; yet, the retention of the compulsory retirement statute does just that.

Everyone should be evaluated on his mental and physical ability and his need and desire to work. Age--40 or 70--should not enter into the evaluation. A state employee should neither be retained nor separated because he has reached age 70. This decision should rest on his qualifications.

The argument is advanced that to repeal compulsory retirement will mean older people will continue to work and deprive younger people of jobs. We do not believe this is a valid argument. Most State employees retire when they have earned enough retirement income to meet their needs, or when their income in retirement is as much or greater than their take-home pay if they continue to work.

Many retire early. There is a constant effort to further reduce the retirement age. In 1983, only 243 employees of the public school system were over age 65.

We are told, in support of the exemption of public school employees, that compulsory retirement is a management tool, that managers do not want to tell a 70 year old that his performance is not satisfactory. The law will automatically eliminate him without effort on the part of the administration. We believe all persons, whether age 40 or 70, should be rated on their competency to do the job they are employed to do; that incompetents should be dealt with when they are determined to be incompetent; that managers should not depend on the law to perform a manager's work.

The passage of Senate Bill 14 in a form that will

ultimately eliminate all age discrimination in the work place against senior citizens is very important.

RECOMMENDATION 2. THE NORTH CAROLINA GENERAL ASSEMBLY SHOULD APPROPRIATE \$500,000 TO THE DIVISION OF AGING TO CONTINUE THE ESTABLISHMENT OF SENIOR CENTERS. (See Appendix B.)

A senior center is a community focal point on aging where older persons as individuals or in groups come together for services and activities which enhance their dignity, support their independence, and encourage their involvement in and with the community.

As part of a comprehensive community strategy to meet the needs of older persons, senior center programs take place within and emanate from a facility. These programs consist of a variety of services and activities in such areas as education, creative arts, recreation, employment, health, nutrition, social services, and other supportive services. The center also serves as a community resource for information on aging, for training professional and lay leadership and for developing new approaches to aging programs.

There are presently 62 senior centers in North Carolina and they are the heart of our aging programs in this State. The Committee believes that there should be at least one senior center in each county to be a bricks and mortar focal point for the elderly. The appropriation would provide one-time grants for construction, renovation and equipment. The money would be limited to \$40,000 for each center and would be supplemental to local funds.

RECOMMENDATION 3. AMEND STATE LAW TO ALLOW AN INCOME
TAX DEDUCTION FOR AMOUNTS PAID TO MAINTAIN CERTAIN PARENTS
AGED 65 OR OVER.

The Committee has examined in its meetings the critical need for alternatives to institutionalization. People want to be left in their homes and communities. The State should do everything within its power to help our older citizens maintain their independence through fostering any family support systems available. The Committee believes that one way to achieve this goal is through the tax system. At present the tax system allows a tax deduction if this person gives money to a charity, but it does not allow a deduction if this person gives money to his parent (if not a dependent) to help this parent remain at home.

Companion bills (Senate Bill 21 and House Bill 45), pending in the respective Houses' Finance Committees allow for such a deduction. Although the tax break is not great, it makes a policy statement by the State that this kind of effort made by children to help their parents is just as important as any other charitable contribution. The restrictions on the tax deduction include:

- (1) Amount paid to parents will not exceed \$3,000.
- (2) The individual does not take the exemption if parent or parents are claimed as a dependent.
- (3) The parent or parents are not in an institution.
- (4) The parent's disposable income does not exceed \$9,000.

(5) The parent or parents are 65 or older.

(6) The parent or parents are North Carolina residents.

Therefore the Committee believes that the General Assembly should carefully consider this legislation in the 1984 Session.

RECOMMENDATION 4. AMEND STATE LAW TO STRENGTHEN THE CONFIDENTIALITY SAFEGUARDS FOR RECORDS OF DOMICILIARY HOME RESIDENTS. (See Appendix C.)

One of the domiciliary home patient's rights as passed by the 1981 General Assembly states that the resident has the right "to have his or her personal and medical records kept confidential and not disclosed if he or she objects in writing unless required by State or federal law or regulation". This language is being interpreted to mean that a resident can only keep his records confidential if he objects in writing. Now in most cases the records can be shown to anyone. The Committee believes that this interpretation does not follow the intent of the legislation and the Committee believes that the confidentiality requirement should be more stringent.

Thus the new proposed language would meet this higher standard. Under the proposed new requirement, the resident's personal and medical records must be kept confidential and not released at all unless the resident authorizes the release or disclosure in writing.

RECOMMENDATION 5. THE NORTH CAROLINA GENERAL ASSEMBLY SHOULD APPROPRIATE \$200,000 TO THE DIVISION OF SOCIAL SERVICES FOR ADULT DAY CARE. (See Appendix D.)

One of the programs that has helped older adults to remain in their homes and with their families is adult day care. It is a service for the frail elderly and disabled. It is intended to enable people to remain in their homes as long as possible and to enjoy as much independence as their condition and circumstances permit. North Carolina is viewed as a leader nationally in the quality of our standards and the role which the State has assumed in supporting the growth of adult day care.

The State Adult Day Care Fund was created by the General Assembly in 1981 with an appropriation of \$390,000. This appropriation was increased to \$638,000 for each year of the 1983-85 biennium. The Fund was also lucky enough to receive an additional \$100,000 one-time appropriation for the 1983-84 fiscal year. There are now 25 certified programs in the State serving 454 persons per day.

Therefore the \$200,000 request would continue the one-time 1983-84 funds plus allow some additional funds for start-up grants for those counties wishing to start programs.

RECOMMENDATION 6. THE NORTH CAROLINA GENERAL ASSEMBLY SHOULD RAISE THE PROPERTY TAX HOMESTEAD EXEMPTION FROM \$8500 TO \$9500 FOR PERSONS OVER 65 AND THE DISABLED. THE INCOME LIMIT SHOULD ALSO BE RAISED FROM \$9000 to \$10,000. THE STATE SHOULD REIMBURSE THE COUNTIES FOR THE LOSS IN PROPERTY TAX REVENUE. (See Appendix F.)

The 1971 General Assembly first passed this property tax homestead exemption giving low income elderly and disabled

persons a reduction in property taxes. The present \$8500 applies to the personal residence of homeowners aged 65 or over whose disposable income from all sources (including Social Security) is less than \$9000. Under current law the taxpayer only has to apply for the exemption once. If any change takes place in the person's eligibility, the taxpayer is supposed to notify the tax supervisor.

The current statewide cost of the homestead exemption is \$12.1 million. The State reimbursement to the counties is \$2.0 million.

To adjust for inflation since the effective date of the \$8500 exemption (January 1, 1982) would require an exemption of \$9600. The \$9000 income limit was last increased effective January 1, 1978. To adjust this amount for inflation would require a limit of \$15,400.

A P P E N D I C E S

APPENDIX A

STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27611



1983-1985

LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP

House Speaker Liston B. Ramsey,
Cochairman

Senate President Pro Tempore
W. Craig Lawing, Cochairman

Representative John T. Church
Representative Bruce Ethridge
Representative Chris S. Barker, Jr.
Representative John J. Hunt
Representative Margaret Tennille

Senator William N. Martin
Senator Helen Rhyne Marvin
Senator William W. Staton
Senator Joseph E. Thomas
Senator Russell Walker

84W1-LF-14

Senator Gray

Public

ST: Senior Citizens' Centers Funds

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FUNDS FOR SENIOR CITIZENS' CENTERS.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Human Resources, Division of Aging, the sum of five hundred thousand dollars (\$500,000) for fiscal year 1984-85 to provide one-time grants for the construction, renovation, and equipping of Senior Citizens' Centers. These grants shall be limited to no more than forty thousand dollars (\$40,000) per center, provided that each center matches not less than twenty-five percent (25%) of the grant's value with local resources.

Sec. 2. This act shall be effective July 1, 1984.

APPENDIX C

84W1-LF-12

Senator Gray

Public

ST: Domiciliary Rights Change

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THE CONFIDENTIALITY REQUIREMENTS IN THE
DECLARATION OF DOMICILIARY HOME RESIDENTS' RIGHTS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 131D-21(6) is rewritten to read:

"(6) To have his or her personal and medical records kept confidential and not disclosed without the written consent of the individual, which consent shall specify to whom the the disclosure may be made, except as required by applicable State or federal statute or regulation or by third party contract."

Sec. 2. This act is effective upon ratification.

APPENDIX D

84W1-LF-13

Senator Gray

Public

ST: Adult Day Care Funds

A BILL TO BE ENTITLED
AN ACT TO PROVIDE FUNDS FOR THE STATE ADULT DAY CARE PROGRAM.

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Human Resources, Division of Social Services, the sum of two hundred thousand dollars (\$200,000) for fiscal year 1984-85 to provide funds for the State Adult Day Care Program.

Sec. 2. This act shall become effective July 1, 1984.

APPENDIX E

History of Property Tax Homestead Exemption in North Carolina

<u>Effective Year</u>	<u>Action</u>
1972	First enacted by 1971 General Assembly. Exempted first \$5,000 in appraised value of real property used as principal place of residence by retired owner, aged 65 years or older, whose disposable income from all sources was less than \$3,500.
1974	The 1973 General Assembly substantially enlarged the class of property entitled to exclusion and raised the income eligible limit to \$5,000. Also, Social Security benefits were excluded from the definition of disposable income.
1976	The 1975 General Assembly expanded eligible taxpayers to include permanent and totally disabled taxpayers regardless of age, and increased the income eligibility limit from \$5,000 to \$7,500. Also, Social Security was re-included in definition of income.
1978	The 1977 General Assembly increased the exemption amount from \$5,000 to \$7,500 and the income eligibility limit from \$7,500 to \$9,000.
1982	<p>The 1981 General Assembly increased the exemption from \$7,500 to \$8,500 and established a mechanism for the state to totally reimburse cities and counties for the revenue loss from the increase. However, no funds were appropriated for the reimbursement. Also, the 1981 General Assembly replaced the annual application requirement with a one-time application (unless the taxpayer's eligibility changes).</p> <p>The 1982 session of the General Assembly earmarked enough state tax revenue to reimburse cities and counties for the 1981 session increase.</p>

DC:ap

APPENDIX F

84N10-LJ-18

ST: Up Homestead Exemption

S: Senator Gray

Public

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE INCOME AND PROPERTY LIMITS FOR THE
HOMESTEAD EXEMPTION AND TO OFFSET THE RESULTING REVENUE LOSS BY
INCREASING THE PERCENTAGE OF THE HOMESTEAD EXEMPTION FOR WHICH
COUNTIES AND CITIES ARE REIMBURSED.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-277.1(a), 105-277.1(b) (1), and
105-309(f) are each amended by deleting the phrase "eight
thousand five hundred dollars (\$8,500)" and substituting the
phrase "nine thousand five hundred dollars (\$9,500)".

Sec. 2. G.S. 105-277.1(a) (2) and 105-309(f) are each
amended by deleting the phrase "nine thousand dollars (\$9,000)"
and substituting the phrase "ten thousand dollars (\$10,000)".

Sec. 3. G.S. 105-277.1A(d) is amended by deleting the
phrase "fifteen percent (15%)" and substituting the phrase
"thirty-five percent (35%)".

Sec. 4. This act shall become effective January 1,
1985.

